

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In re: : Case No.: 18-23979-GLT
: Chapter: 11
Lawson Nursing Home, Inc. :
:
:
:
Debtor(s). : Date: 2/7/2019
: Time: 10:00

PROCEEDING MEMO

MATTER: #84 - Status Conference for Failure to File Monthly Operating Reports
[Responses due by 2/1/2019]
#103 - Monthly Operating Report for 11/18
#104 - Monthly Operating Report for 10/18
#113 - Monthly Operating Report for 12/18

#94 - Motion for Relief from Stay To Terminate Debtor
As A Member of the Fund
#107 - Response filed by Lawson Nursing Home Inc
#117 - Withdrawal of Motion

APPEARANCES:

Debtor: Donald R. Calaiaro
Huntington: John Joyce
Also Present: Mr. Glaser

NOTES:

Calaiaro: I believe the account has been brought current. I delivered checks to their office for the amounts in question.

Court: Is there any reason why the amounts were not paid promptly in the normal course?

Calaiaro: Counsel wished that the February payment be made before he withdrew his motion. We have a potential purchaser at \$3.2 million. It is a regional provider called JNL Ventures. We presented them with a letter of intent last week which we expect them to sign today. We anticipate initiating stalking horse procedures soon, and having an asset purchase agreement in two or three weeks. We do not know definitely if there will be bidding, but there are multiple interested parties. One of the biggest assets is the debtor's bed license, which the state will have to approve the transfer of. We do not anticipate that being a problem. The buyer would have to buy the debtor's stock, and it would take about 60 days for the state to review and approve any transfer. We also would be resisting any clawback of the purchase price.

Joyce: We did not get our January payment on time. When looking at the MORs, there are glaring problems. Huntington has two loans that are not listed as liabilities on the debtor's balance sheets. The PA Department of Health and Human Services has \$748,000 of assessment fees due pre-petition that are also not on the balance sheet. EBF, another judgment creditor in the amount of \$106,000, is also missing. There are also post-petition assessments to the DOHHS that are either already due or will be soon.

Calaiaro: I will address these liabilities with the accountant. We have them listed on the schedules so they should have been on the balance sheet. The debtor expects that the assessment coming due will be about \$68,000 for the quarter.

Glaser: I have requested that the state withhold the supplement payment from the assessment to go towards the deficiency. All other payments are current.

OUTCOME:

1. The status conference is concluded (Text order to issue).
2. On or before February 28, 2019, Debtor to file amended balance sheets to accompany the Monthly Operating Reports for the months of October 2018 through December 2018 (Text order to issue).
3. The Motion for Relief from Stay [Dkt. No. 94] is denied as withdrawn (Text order to issue).

DATED: 2/7/2019